



The new health care law will bring significant changes for Nebraska's

small businesses and their employees, phased in over several years. Inside you will find information about requirements as well as a timeline of changes that could affect your business and employees. For more detailed information, please visit my website at <http://adriansmith.house.gov>.

A handwritten signature of Adrian Smith in white ink.

Contact Congressman Adrian Smith

Scottsbluff

416 Valley View Drive
Suite 600
Scottsbluff, NE 69361
Phone: (308) 633-6333

Grand Island

1811 West Second Street
Suite 105
Grand Island, NE 68803
Phone: (308) 384-3900

Washington, D.C.

503 Cannon HOB
Washington, D.C. 20515
Phone: (202) 225-6435

Virtual Office

<http://adriansmith.house.gov>
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Congressman Adrian Smith visits with small business owners in the Third District about health care.

Health Care and You.

What new laws could mean
for Nebraska's small business.

Congressman Adrian Smith
Nebraska's Third District

Health Care Timeline

2010

Tax Credits

A tax credit with a maximum of 35% of employer's health insurance premiums will be available to those employers with less than 10 employees with wages under \$25,000 per employee.

The tax credit will be completely phased out for employers with more than 25 employees and wages above \$50,000 per employee.

Dependents

Beginning September 23, 2010, dependents are eligible to remain on their parents' insurance health insurance policies until the age of 26.

General Provisions of New Health Care Law

- The law provides small businesses with up to 100 employees access to state-based Small Business Health Options (SHOP) exchanges.
- All employers which have fewer than 50 employees are exempt from any employer responsibility requirements.
- The law defines a full-time employee as an employee who works at least 30 hours per week when calculated on monthly basis.

Internet Portals Created

By October 1, 2010, an Internet portal will be created by the Secretary of Health and Human Services to facilitate consumer and small employer shopping for health benefits plans.

2011

W-2 Requirements

Employers will be required to disclose the value of the benefits provided by the employer for each individual employee's health insurance coverage on the employee's annual W-2 form. The Internal Revenue Service will be the principle enforcement agency.

2013

Medicare Payroll Tax

The Medicare payroll tax will be increased by .9% to 3.8% for those with earned income above \$200,000 for individuals or \$250,000 for those filing jointly.

Medical Expenses Deduction

The threshold for deducting medical expenses will be raised from 7.5% to 10% of adjusted gross income.

2014

New Employer Mandate

Employers with more than 50 employees which do not offer insurance or which offer coverage but their employees receive a federal insurance subsidy will

pay a \$2000 per employee tax for every employee more than 30 employees.

Example: Company A employs 51 employees and does not offer health insurance. Company A will pay a \$42,000 penalty. The first 30 employees are exempt from the penalty, therefore Company A will pay a penalty on 21 employees.

State Exchanges Begin

States must establish exchanges no later than January 1, 2014 for the sale of qualified health benefits plans to individuals and employers. States which do not may join other states to form a regional exchange or defer to the U.S. Department of Health and Human Services to set up an exchange.

Tax on Those with No Insurance

Individuals without government-approved coverage are subject to a tax of a fixed sum or a percentage of applicable income, whichever is greater. The fixed sum will be \$95 in 2014, \$325 in 2015, \$695 in 2016 and adjusted for inflation thereafter. Applicable income is defined as the amount of income which exceeds the personal exemption. The percentage penalty for applicable income will be 1% in 2014, 2% in 2015 and 2.5% in 2016 and thereafter. The penalty is assessed for each taxpayer and any dependents.

To learn more, visit Adrian Smith's official website at <http://adriansmith.house.gov>.